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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

GOLDEN STATE VINTNERS, INC.,
a Delaware corporation,

Plaintiff,

vs.

CAROLINA CASUALTY INSURANCE
COMPANY, a Florida corporation, and DOES 1
through 20, inclusive,

Defendants.

AND RELATED COUNTERCLAIM.

Case No. C-06-6364 MJJ

**STIPULATION OF DISMISSAL AND
ORDER THEREON**

Discovery Cut-Off: October 27, 2007
Trial Date: March 17, 2008

1 It is hereby stipulated by plaintiff and counterclaim-defendant Golden State Vintners, Inc.
 2 ("GSV"), and defendant and counterclaim-plaintiff Carolina Casualty Insurance Company
 3 ("Carolina"), that the above-entitled action be dismissed on the following terms and conditions:

4 1. Definitions of terms used in this Stipulation of Dismissal:

- 5 (a) "The Policy" means Carolina's Directors' and Officers' and Corporate
 6 Liability Insurance Policy, bearing Policy No. 1356778/1, which it issued to
 7 GSV, for the Policy Period from July 22, 2003 to July 22, 2004.
- 8 (b) "The Deal Litigation" means the following lawsuits that were filed naming
 9 GSV and certain individuals as defendants: (1) *Jonathan Kathrein, et al. v.*
 10 *Golden State Vintners, Inc., et al.*, Superior Court of the State of California,
 11 County of Napa, Case No. 26-24776; and (2) *In re Golden State Vintners, Inc.*
 12 *Shareholders Litigation*, New Castle County, Delaware Chancery Court,
 13 Consolidated Ct. No. 305-N.
- 14 (c) "The Shurkin Action" means *Israel Shurkin v. Golden State Vintners, Inc., et*
 15 *al.*, Northern District of California Case No. C-04-3434 MJJ.
- 16 (d) "The Claimed Costs" means GSV's claims in this action against Carolina, and
 17 the related counterclaims and defenses, whereby GSV is seeking
 18 reimbursement under the Policy for defense costs incurred by GSV in the Deal
 19 Litigation, the costs of settlement of the Deal Litigation, and defense costs
 20 incurred in the Shurkin Action up to and including July 1, 2007. The Claimed
 21 Costs include those sums which GSV has paid on its own behalf and on behalf
 22 of Jeffrey J. Brown and John G. Kelleher, but do not include certain defense
 23 fees of Jeffrey B. O'Neill incurred in connection with his retention of Gibson
 24 Dunn & Crutcher LLP.

25 2. The action shall be dismissed with prejudice only as to the existing claims,
 26 counterclaims and defenses relating to the Claimed Costs incurred up to and including July 1, 2007.

3. The action shall be dismissed without prejudice as to any claims, counterclaims or defenses relating to defense costs GSV incurs in connection with the Shurkin Action after July 1, 2007.

SO STIPULATED AND AGREED:

KIRKPATRICK & LOCKHART
PRESTON GATES ELLIS LLP

August 27
Dated: ~~July~~, 2007

By: Robert E. Fayler

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August
Dated: ~~July~~ 27, 2007

By: Dirk E. Ehlers / pro

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Carolina Casualty Insurance Company

ORDER

Good cause appearing and the parties having so stipulated, IT IS SO ORDERED.

Dated: 8/31/2007, 2007

Martin J. Jenkins
Judge of the District Court